

7 February 2018

2017 Annual Earnings Release

SHUAA Capital Reports Highest Profit Since 2007

Result Caps Successful Turnaround

- **Profits hit unprecedented AED 74.0 million mark since the global recession of 2008 (compared to a loss of AED 132.5 million in 2016)**
- **Turnaround strategy achieved since significant shareholder Abu Dhabi Financial Group acquired a controlling 48.3% stake**
- **Company forging ahead with regional business development and expansion, with UAE, Saudi Arabia and Egypt forming the Group's primary target markets over next five years**

Dubai, United Arab Emirates- 7 February 2018: SHUAA Capital today reports full year results for 2017, with the company achieving its highest sustained full-year earnings since 2007. In what has been widely viewed since the first quarter as a clear model of a turnaround story, the Middle East and North Africa's most recognized financial brand, SHUAA, reported AED 74 million in profits for 2017 (2016: loss AED 132.5 million), a 156% upward movement.

Fourth quarter results saw a notable emergence from a loss of AED 18.9 million in Q4 2016, rising to a profit of AED 14.2 million for Q4 2017. Revenues for the last quarter of 2017 were AED 42.8 million, a 22% increase on Q4 2016 revenues level of AED 35.1 million. In the midst of a challenging year for regional markets, and under the guidance of a strategy built on strong fundamentals, all five business lines attained optimal performance levels and maintained healthy revenue streams.

The Asset Management division which manages equities, fixed income and real estate projects through a set of funds in both Saudi Arabia and the UAE, continued its strong performance and increased profitability by 105% to AED 17.0 million. The division delivered its second centrally located project during the year, the Centro Waha hotel in Riyadh. This division continued working on a set of other key and strategically located projects such as the prominent Wadi Al Hada mixed-use complex, and others, some of which may launch during 2018. In September, SHUAA unveiled the 'Dubawi' real estate project, the up and coming new landmark on Sheikh Zayed Road in Dubai.

The Investment Banking Division handled a set of important mandates during the year, including Lead Manager and Underwriter for Dar Al Takaful Rights Issue, co-lead manager for the US\$105 million Initial Public Offering of ENBD REIT and advisor to Bahrain's Shari'ah compliant Khaleeji Commercial Bank's secondary listing on the Dubai Financial Market. Investment Banking enters 2018 with a healthy pipeline including the reverse merger of Reem Investments and Eshraq, as well as IPOs of Etihad REIT and other entities seeking to list in the UAE.

In Capital Markets, SHUAA aggressively expanded its role as Market Maker and Liquidity Provider for cash equities and futures contracts for issuer companies on Nasdaq Dubai, and was also awarded licenses to act as Liquidity Provider by the Abu Dhabi Securities Exchange and the Dubai Financial Market. Today, SHUAA dominates the market share for derivatives in the UAE and will be expanding across the region. During 2017, SHUAA executed an agreement to acquire Integrated Securities and Integrated Capital, a move intended to further boost SHUAA's Capital Markets offering and client base. The transaction is in its final stage of the regulatory approval process. Another key milestone in November was the Group's securities arm commencing operations in the Egyptian market with the launch of SHUAA Securities- Egypt following approval by the Egyptian Financial Supervisory Authority (EFSA). SHUAA's Egypt presence is a natural extension to SHUAA's broader brokerage network, allowing retail and high-net-worth clients from across the region easier access to Egyptian capital markets.

The Credit division's solid turnaround strategy put it into full year profitability, having boosted payment collections efforts and significantly cutting down provisions. This division, which comprises of the financing subsidiaries Gulf Finance UAE and its Shari'ah compliant sister company Gulf Finance Saudi Arabia, continues to enjoy a healthy relationship with clients as demand for Shari'ah compliant solutions in the Saudi market remains robust.

The Corporate division, which is the central business line responsible for the Group's client facing operations, business development and principal investments, optimized back-office operations, pursued divisional cross-sell prospects and executed a series of strategic investments in regional financial institutions.

Jassim Alseddiqi, Chairman of SHUAA Capital, said, "At SHUAA Capital, we are proud of the company's legacy and are committed to its future. We certainly had our work cut out for us in 2017; from re-building the company's foundation, to executing a new sector-specific strategy and optimizing divisional and human asset performance, the achievements of 2017 are solid proof that our new roadmap has put us on the path for long-term growth. We will continue to be market disruptors and roll out innovative and niche products and services. Our pole positions in Capital Markets and real estate asset management are testament to how we are making a difference in an over-crowded financial marketplace. We will continue to seize strategic opportunities".

Fawad Tariq-Khan, Chief Executive Officer of SHUAA Capital, commented, "From the onset, we've acknowledged the magnitude of the task ahead of us for turning the company around and positioning it for sustained profitability. These results demonstrate that the key measures we took

made sense given SHUAA's strong heritage as a financial investment bank, even as we implemented them against the backdrop of the region's ongoing highly volatile situation".

Fawad further explains, "The results were outstanding, as we witnessed the regional markets responding very well to each of our five business lines. I am confident that the new long-term strategy, blended with the superb task-force we have assembled over the past 12 months, will serve the new and improved SHUAA Capital well. Looking ahead, we will remain focused on our drive towards dominating the financial services space in the Middle East and North Africa".

As of December 31, 2017, SHUAA's balance sheet and total assets was AED 1.2 billion (2016: AED 1.3 billion). The Group's liquidity position was healthy with AED 148.1 million in cash. Liabilities decreased to AED 325.4 million from AED 474.7 million in 2016. Net assets stood at AED 899.1 million while the leverage ratio was 0.24 at year-end. The Group's ongoing cost-control measures lowered General and Administrative expenses for 2017 by 29% to AED 90.5 million (2016: AED 126.8 million).

Asset Management - SHUAA Capital Saudi Arabia

The division's revenues in 2017 increased 34% to AED 36.8 million (2016: AED 27.4 million), with profits rising 105% to reach AED 17.0 million (2016: AED 8.3 million). The Group is rolling out plans for the expansion of real estate as a function for the UAE market specifically, with a dedicated team established recently, in order to focus on high-profile projects like the new 'Dubawi' and others to be announced in the future.

Capital Markets

The division's revenues grew 91% year on year to AED 16.4 million (2016: AED 8.6 million), while the division significantly reduced its losses year on year by 68% settling at AED AED3.3 million (2016: loss AED 10.4 million). The division's growth and development strategy included the opening of new offices in Egypt; it will continue to seek acquisitions in order to expand its offering across the region.

Investment Banking

Revenues by the Investment Banking team dipped slightly to AED 7.1 million (2016: AED 8.4 million), with profits dipping slightly to AED 1.9 million (2016: AED 2.0 million). The division enters 2018 with a healthy pipeline including the reverse merger of Reem Investments and Eshraq, as well as IPOs OF Etihad REIT and other entities seeking to list in the UAE.

Credit

The Credit division's revenues decreased to AED 69.5 million (2016: AED 130.1 million) due to a healthy run-off of the loan book. The division emerged out of yearly losses to record profits worth AED 22.1 million, a 120% upward movement, while significantly cutting provisions as it worked towards enhancing client relationships, seeking quality assets and improved collections efforts.

Corporate

The Corporate division, the central business line responsible for the Group's client facing operations, business development and principal investments recorded revenues of AED 4.9 million (2016: loss AED 0.6 million). Active business development and proprietary investments made during the year helped the division achieve profit of AED 36.3 million, (2016: loss AED 22.3 million).

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Cautionary Statement Regarding Forward-Looking Information:

This document contains forward-looking statements. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Forward-looking statements can be identified by words such as: "anticipate," "aspire," "intend,"

"plan," "goal," "objective," "seek," "believe," "project," "estimate," "expect," "forecast," "strategy," "target," "trend," "future," "likely," "may," "should," "will" and similar references to future periods.

Examples of forward-looking statements include, among others, statements we make regarding:

- *Expected operating results, such as revenue growth and earnings.*
- *Anticipated levels of expenditures and uses of capital*
- *Current or future volatility in the capital and credit markets and future market conditions.*

Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: Our ability to maintain adequate revenue levels and cost control; economic and financial conditions in the global markets and regional markets in which we operate, including volatility in interest rates, commodity and equity prices and the value of assets; the implementation of our strategic initiatives, including our ability to effectively manage the redeployment of our balance sheet and the expansion of our strategic businesses; the reliability of our risk management policies, procedures and methods; continued volatility in the capital or credit markets; geopolitical events; developments and changes in laws and regulations, including increased regulation of the financial services industry through legislative action and revised rules and standards applied by our regulators.

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